

# **George P. Coleman Bridge Toll Rate Study**

May 2005

Barbara W. Reese, CFO

# George P. Coleman Bridge

- Located on Rte 17 between counties of Gloucester and York in the Fredericksburg and Hampton Roads Districts – spans the York River
  - Annual traffic - 5.5 million
  - Next river crossing is 25 miles upstream
  - Toll only collected in northbound direction – driving into Gloucester County

# George P. Coleman Bridge

- Reconstructed and widened at a total cost of \$97 million in 1996
- Project financing:
  - \$43.3 million Toll Revenue bonds issued by the Commonwealth's Treasury Board in accordance with General Assembly 9(c) bond authorization;
  - \$38 million loan - Toll Facilities Revolving Account;
  - \$16 million - federal funding with agreement that the bridge would be tolled; and
  - \$4 million Fredericksburg district primary CTB allocations

## 9(c) Revenue Bonds

- Authorized by General Assembly based on project's ability to be self-financing – full faith and credit of the Commonwealth
- Project's revenue must pay for (in order)
  - Operations
  - Maintenance
  - Debt Service
  - Long-term maintenance replacement
- Commonly referred to as a “net revenue” pledge for debt service payments

## 9(c) Revenue Bonds, cont'd

- Treasury Board and Commonwealth Transportation Board (CTB) enter into an agreement that requires the CTB to legally covenant that the toll revenues
  - Will at all times produce net revenue sufficient to pay the principal and interest on the bonds
  - Will be sufficient to provide for contributions to the Maintenance and Replacement Fund
- Toll revenues have not been sufficient since it reopened in 1996

# Current Toll Rate Schedule George P. Coleman Bridge

	<b><u>Vehicle Class</u></b>	<b><u>Current one-way Toll Rate</u></b>	<b><u>Percent Usage</u></b>
Two-axle electronic toll Commuters & Motorcycles	2	\$0.50	77%
Two-axle Cars, Vans, Pickups & Trucks	2	\$2.00	21%
Three-axle Trucks	3	\$3.00	1%
Four or More axle Trucks	4	\$4.00	1%

Originally built as toll bridge (1952-1976). One-way toll rate was 75 cents with commuter rate of 30 cents.

# Revenues & Expenses

## George P. Coleman Bridge

(in 000's)

	<u>Actual FY2004</u>	<u>Est. FY2005</u>	<u>Est. FY2006</u>	<u>Est. FY2007</u>	<u>Est. FY2008</u>	<u>Est. FY2009</u>
<b><u>REVENUES</u></b>						
Toll Revenue & Interest	<b>\$4,892</b>	<b>\$4,979</b>	<b>\$5,033</b>	<b>\$5,089</b>	<b>\$5,149</b>	<b>\$5,201</b>
<b><u>EXPENSES*</u></b>						
Operations	**\$2,942	\$1,908	\$1,879	\$1,920	\$1,962	\$2,004
Bridge Ops/Ordinary Maint	\$502	\$599	\$612	\$627	\$642	\$657
Debt Service	\$3,378	\$3,451	\$3,449	\$3,449	\$3,452	\$3,467
Maint & Reserve Fund Deposits	--	\$450	\$1,051	\$1,137	\$556	\$569
<b>TOTAL EXPENSES</b>	<b>\$6,822</b>	<b>\$6,408</b>	<b>\$6,992</b>	<b>\$7,133</b>	<b>\$6,612</b>	<b>\$6,698</b>
<b>REVENUE SHORTFALL</b>	<b>-\$1,930</b>	<b>-\$1,429</b>	<b>-\$1,958</b>	<b>-\$2,044</b>	<b>-\$1,467</b>	<b>-\$1,497</b>
<b>CUM. REVENUE SHORTFALL</b>		<b>-\$3,359</b>	<b>-\$5,317</b>	<b>-\$7,361</b>	<b>-\$8,828</b>	<b>-\$10,325</b>

\* Does not include TFRA repayment

\*\* Includes cost of toll system upgrade

# Revenue & Expenses, cont'd

- Toll Facilities Revolving Account being used to cover annual operating shortfall, adding \$2 million to 1996 loan amount
- Ordinary maintenance and bridge operations funded from Hampton Roads maintenance budget -- \$2.2 million since FY 2000
- No maintenance reserve has been funded



# 2005 Toll Rate Study

- As part of the systematic efforts to assure appropriate financial management and controls, work began to review the financial strength of each toll facility and future needs
  - initially reported to CTB in April 2003
- CTB concurred with VDOT's hiring of toll consultants later in 2003
  - Dulles Toll Road Study completed first in 2004

# 2005 Toll Rate Study

- At a public meeting in October 2004, Gloucester County Board of Supervisors and public briefed on issues and informed of upcoming study
- Study began in late 2004 and was conducted by Charles River Associates (CRA), a subcontractor to IBI Group
- CRA conferred with local officials, visited facility and reviewed one-way toll operation, and observed local traffic conditions as requested by Board of Supervisors

# **2005 Toll Rate Study, cont'd**

- **Study posted on VDOT website**
- **Briefed Gloucester County Board on study results**
  - Request more time to review
  - Citizens need to have input
  - Brief other local Boards – Mathews, Middlesex, York, Middle Peninsula Planning District Commission
  - Concern that CTB has not exhausted all alternatives available to it
  - Resolution adopted

# Toll Rate Study – Rate Alternatives
















	Class 2 AVI (currently \$0.50)	Year 2034 Surplus(Deficit)	Year All Obligations Paid Off Prior to 2034
A – other rates also increased by at least \$0.50	\$0.70	(\$8,608,764)	
B – one-way northbound (nb) toll	\$0.75	(\$10,058,016)	
C – one-way nb toll	\$0.85	\$4,215,820	2032
D – one-way nb toll; 2 <sup>nd</sup> increase in 2015	\$0.75/\$1.00	\$15,013,537	2030
E – one-way nb toll	\$1.00	\$26,390,432	2027
F – two-way toll; \$0.75 cents total	\$0.38	(\$39,476,277)	

# Alternative Testing

- Two-way alternative negated with increased costs of construction and operations as well as location issues
- Evaluated remaining alternatives under five conditions for a 30-year period

Scenario 1	Base Case – Most Likely Operating Environment – 1.1% traffic growth
Scenario 2	High AVI Share – increases from 76% to 85%
Scenario 3	High Loss of Traffic – diversion of 3% of traffic for every 25 cents
Scenario 4	High Traffic Growth – 1.3% growth per year
Scenario 5	Low Traffic Growth – 0.8% growth per year

# Alternative Stress Testing, cont'd

	Commuter Toll Rate – Base Case	High AVI Share	High Traffic Loss	High Traffic Growth	Low Traffic Growth
<b>A – other rates also increased by at least \$0.50</b>	<b>\$0.70</b>	<b>X</b>			<b>X</b>
<b>B – one-way northbound (nb) toll</b>	<b>\$0.75</b>	<b>X</b>	<b>X</b>		<b>X</b>
<b>C – one-way nb toll</b>	<b>\$0.85</b>				
<b>D – one-way nb toll; 2<sup>nd</sup> increase in 2015</b>	<b>\$0.75/ 1.00</b>				
<b>E – one-way nb toll</b>	<b>\$1.00</b>				

# Toll Rate Study Recommendation

- Increase tolls to \$0.85 for commuters
  - Pays all operations and maintenance costs
  - Pays debt service
  - Capitalizes an appropriate maintenance and reserve fund
  - Pays off all debt and loan obligations by 2032
- Requires continuation of tolling beyond repayment of outstanding 9 (c) bonds in 2021 to pay back TFRA loan
- Meets CTB Fiduciary Responsibility

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